

AMENDED IN SENATE AUGUST 18, 2000

AMENDED IN SENATE AUGUST 8, 2000

AMENDED IN SENATE JUNE 26, 2000

AMENDED IN ASSEMBLY MAY 15, 2000

AMENDED IN ASSEMBLY APRIL 10, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2548**

**Introduced by Assembly Member Cox**  
**(Coauthors: Assembly Members Steinberg and Thomson)**  
(Coauthors: Senators Johannessen, Johnston, and Ortiz)

February 24, 2000

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An act to add and repeal Section 12751.3 of the Public Utilities Code, relating to public utilities.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2548, as amended, Cox. Municipal utility districts: purchases.

The Municipal Utility District Act generally requires the purchase of supplies and materials by a municipal utility district to be let by contract to the lowest responsible bidder when the expenditure is in excess of \$25,000, or, in any district with a population of 250,000 or more, in excess of \$50,000, with annual adjustments to those dollar limits.

This bill would authorize the board of a district to provide for the purchase of supplies and materials, when the expenditure required exceeds \$50,000, by contract let in

accordance with best value at the lowest cost acquisition, as defined. The bill would require a district that elects to purchase supplies and materials by contract let in accordance with those policies to submit a specified report to the Legislature on or before January 1, 2004.

The bill would require a district to ensure that all businesses have a fair and equitable opportunity to compete for, and participate in, district contracts awarded pursuant to its provisions and would prohibit discrimination in the award and performance of those contracts.

The provisions of the bill would be repealed on January 1, 2005.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 12751.3 is added to the Public  
2 Utilities Code, to read:

3 12751.3. (a) Notwithstanding Section 12751, a district  
4 may provide for the purchase of supplies and materials,  
5 when the expenditure required exceeds fifty thousand  
6 dollars (\$50,000), by contract let in accordance with best  
7 value at the lowest cost acquisition policies adopted by  
8 the board pursuant to this section.

9 (b) The best value at the lowest cost acquisition  
10 policies adopted pursuant to subdivision (a) shall  
11 consider, but not be limited to, all of the following:

12 (1) Price and service level proposals that reduce the  
13 district's overall operating costs.

14 (2) Supplies and materials standards that support the  
15 district's strategic supplies and materials acquisition and  
16 management program direction.

17 (3) A procedure for protest and resolution.

18 (4) Any other factors the board determines to be  
19 relevant.

20 (c) For purposes of this section, "best value" means  
21 any factor or criterion established by a district to ensure  
22 that its business needs and goals are effectively met and  
23 that the district obtains the most value for an authorized

1 acquisition. The term “best value at the lowest cost  
2 acquisition” means a competitive procurement process  
3 whereby the award of a contract for supplies and  
4 materials may take into consideration any of the following  
5 factors:

6 (1) The total cost to the district of its use or  
7 consumption of supplies and materials.

8 (2) The operational cost or benefit incurred by the  
9 district as a result of contract award.

10 (3) The value to the district of vendor-added services.

11 (4) The quality, effectiveness, and innovation of  
12 supplies, materials, and services.

13 (5) The reliability of delivery or installation schedules.

14 (6) The terms and conditions of product warranties  
15 and vendor guarantees.

16 (7) The financial stability of the vendor.

17 (8) The vendor’s quality assurance program.

18 (9) The vendor’s experience with the provision of  
19 supplies, material, and services.

20 (10) The consistency of the vendor’s proposed  
21 supplies, materials, and services with the district’s overall  
22 supplies and materials procurement program.

23 (11) The economic benefits to the general  
24 community, including, but not limited to, job creation or  
25 retention.

26 (d) If a district elects to purchase supplies and  
27 materials by contract, let in accordance with best value  
28 acquisition policies adopted by the board pursuant to this  
29 section, the district shall submit a report to the  
30 Legislature on or before January 1, 2004. The district shall  
31 include in the report a summary of the costs and benefits  
32 of best value acquisition compared to traditional low bid  
33 procurement practices. The report shall also include  
34 statistics showing the number of contracts awarded to  
35 small, ~~minority-owned~~ *businesses, minority-owned*  
36 *businesses, and new businesses* and the number of years  
37 each contract awardee had been in business. The report  
38 shall also include an analysis of the effects of best value  
39 procurement practices on these businesses, the nature of

1 any disputes arising from the use of best value  
2 procurement practices, and the status of those disputes.

3 (e) The district shall ensure that all businesses have a  
4 fair and equitable opportunity to compete for, and  
5 participate in, district contracts and shall also ensure that  
6 discrimination in the award and performance of contracts  
7 does not occur on the basis of race, color, sex, national  
8 origin, marital status, sexual preference, creed, ancestry,  
9 medical condition, or retaliation for having filed a  
10 discrimination complaint in the performance of district  
11 contractual obligations.

12 (f) This section shall remain in effect only until  
13 January 1, 2005, and as of that date is repealed, unless a  
14 later enacted statute that is enacted before January 1,  
15 2005, deletes or extends that date.

